
ISSUES/QUESTIONS FOR THE CALIFORNIA TAX EDUCATION COUNCIL TO ADDRESS AT THE SUNSET REVIEW HEARING

ENFORCEMENT ISSUE

ISSUE 1: It is unclear what authority CTEC or the Franchise Tax Board (FTB) have, or action they can take, when an individual illegally prepares a tax return or engages in the conduct prohibited under Section 22253.

Question 1: What does CTEC or the FTB do if they receive information concerning individuals illegally preparing tax returns or engaging in conduct prohibited under Section 22253? Should the existing \$1,000 cap on criminal penalties and civil remedies be increased? Should the FTB be given cite and fine authority?

APPROVED CURRICULUM PROVIDER ISSUE

ISSUE 2: It is unclear what the relationship is between CTEC and the Bureau for Private Postsecondary and Vocational Education (BPPVE) in ensuring that the providers of tax preparer education meet approved standards and procedures.

Question 2: Are there any problems that exist by enabling a provider of tax preparer education to meet standards and procedures approved by CTEC or by the BPPVE? Is there any reason why the BPPVE needs to be involved in ensuring that the providers of tax preparer education meet approved standards and procedures?

LICENSING ISSUE

ISSUE 3: CTEC is required to issue a “certificate of completion” to the tax preparer after they demonstrate compliance with the education (or experience) and bond requirements. CTEC is required to issue annually a “statement of compliance” when the tax preparer demonstrates that he or she has completed the 20 hours of continuing education and compliance with the bond requirements. It is unclear under what circumstances CTEC has proper authority to deny the issuance of a certificate of completion, or a statement of compliance.

Question 3: Should CTEC be able to deny the issuance of a certificate of completion, or a statement of compliance, when the tax preparer has been convicted of a crime, had their license revoked or engages in any of the conduct prohibited under Section 22253?

CONTINUING EDUCATION ISSUES

ISSUE 4: CTEC tax preparers must provide proof of 20 hours of continuing education in order to receive their “statement of compliance.” This appears to apply even if the preparer received their “certificate of completion” only a few months prior to the annual renewal period.

Question 4: Does CTEC have any suggestions as to how to remedy this situation?

ISSUE 5: Registered tax preparers, in the less populated rural counties of the state, may have trouble finding continuing education classes.

Question 5: Does CTEC believe this is a problem? If so, does CTEC have any suggestions as to how to remedy this situation?

PRIVACY ISSUES

ISSUE 6: This year, the Legislature passed and the Governor signed SB 1724 (Dunn) which made changes to the laws concerning the privacy of taxpayers and the disposal of tax information.

Question 6: What will CTEC do to ensure that tax preparers are aware of SB 1724’s provisions?

ISSUE 7: CTEC provides online registration for preparers and providers.

Question 7: What has CTEC done to ensure that online transactions are secure?

CONSUMER OUTREACH AND EDUCATION ISSUE

ISSUE 8: CTEC maintains a website which contains numerous information, from who needs to register as a tax preparer, to CTEC’s meeting schedule. Additionally, CTEC maintains an automated phone system whereby the public can ascertain the status of a particular preparer.

Question 8: Does CTEC plan to provide registrant status online (as is mandated by Sec. 27 for most DCA boards and bureaus)?

BOND ISSUE

ISSUE 9: Surety companies are required to notify the CTEC in writing 30 days prior to the cancellation or termination of any surety bond.

Question 9: Has CTEC worked with surety companies to make them aware of this requirement?

COUNCIL COMPOSITION ISSUE

ISSUE 10: The current composition of the Council does not include any CTEC tax preparers who are not also enrolled agents.

Question 10: Should the composition of the Council always include a certain number of CTEC tax preparers who are not also enrolled agents? If so, should the Council elevate the existing non-director committee members?

CONFLICT ISSUE

ISSUE 11: CTEC is a nonprofit public benefit corporation (501c(3)). CTEC contracts with an outside lobbying firm for the management of the Council, a physical office facility, and for such other services necessary to carry out the operations of the Council.

Question 11: Does CTEC believe that this contractual arrangement creates a conflict with their statutory duties?

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